

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994;
Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007

July 1, 2005, through June 30, 2009



JOHN CHIANG
California State Controller

December 2011



JOHN CHIANG
California State Controller

December 28, 2011

Barbara Flores, Ph.D., President
Board of Education
San Bernardino City Unified School District
777 North F Street
San Bernardino, CA 92410

Dear Dr. Flores:

The State Controller's Office audited the costs claimed by San Bernardino City Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2005, through June 30, 2009.

The district claimed \$1,509,337 (\$1,529,337 less a \$20,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$1,252,994 is allowable and \$256,343 is unallowable. The costs are unallowable because the district claimed non-reimbursable and noncompliant initial truancy notifications. The State paid the district \$111,508. Allowable costs claimed exceed the amount paid by \$1,141,486.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/bf

cc: Yolanda M. Ortega, Interim Superintendent
San Bernardino City Unified School District
Mohammad Islam, Chief Business and Financial Officer, Business Services
San Bernardino City Unified School District
Derek Harris, Interim Director of Employee Benefits, Payroll, Worker's Compensation,
and Reimbursements, Business Services
San Bernardino City Unified School District
Lillian Vo, Interim Mandated Cost Specialist, Business Services
San Bernardino City Unified School District
Gary Thomas, Ed.D., Superintendent of Schools
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by San Bernardino City Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2005, through June 30, 2009.

The district claimed \$1,509,337 (\$1,529,337 less a \$20,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$1,252,994 is allowable and \$256,343 is unallowable. The costs are unallowable because the district claimed non-reimbursable and noncompliant initial truancy notifications. The State paid the district \$111,508. Allowable costs claimed exceed the amount paid by \$1,141,486.

Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day. However, the Commission on State Mandates (CSM) did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, until June 30, 2006, districts were eligible for mandated program reimbursement if they notify parents or guardians of the first five elements.

Education Code section 48260 originally defined a truant pupil as one who is absent from school without a valid excuse for more than three days or who is tardy in excess of 30 minutes on each of more than three days in one school year. Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof. However, the

CSM did not amend the program's parameters and guidelines until January 30, 2008 (effective July 1, 2006). Therefore, for mandate-reimbursement purposes, until June 30, 2006, a pupil was initially classified as truant upon the fourth unexcused absence.

On November 29, 1984, the State Board of Control (now CSM) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987, and amended them on July 22, 1993, and January 31, 2008. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2005, through June 30, 2009.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, San Bernardino City Unified School District claimed \$1,509,337 (\$1,529,337 less a \$20,000 penalty for filing late claims) for costs of the Notification of Truancy Program. Our audit disclosed that \$1,252,994 is allowable and \$256,343 is unallowable. The State paid the district \$111,508. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,141,486, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on November 15, 2011. Mohammed Z. Islam, Chief Business and Financial Officer, responded by letter dated December 8, 2011 (Attachment), agreeing with the audit results. This final audit report includes the district's response.

Restricted Use

This report is solely for the information and use of San Bernardino City Unified School District, the San Bernardino County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

December 28, 2011

Schedule 1— Summary of Program Costs July 1, 2005, through June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2005, through June 30, 2006</u>				
Number of initial truancy notifications	29,874	20,294	(9,580)	Findings 1, 2
Uniform cost allowance	× \$15.54	× \$15.54	× \$15.54	
Subtotal	464,242	315,369	(148,873)	Finding 3
Noncompliant initial truancy notifications	-	(3,494)	(3,494)	
Less late filing penalty	(10,000)	(10,000)	-	
Total program costs	<u>\$ 454,242</u>	301,875	<u>\$ (152,367)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 301,875</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Number of initial truancy notifications	8,950	29,088	20,138	Finding 1
Uniform cost allowance	× \$16.15	× \$16.15	× \$16.15	
Subtotal	144,543	469,771	325,228	
Less allowable costs that exceed costs claimed ²	-	(325,228)	(325,228)	
Total program costs	<u>\$ 144,543</u>	144,543	<u>\$ -</u>	
Less amount paid by the State		(8,415)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 136,128</u>		
<u>July 1, 2007, through June 30, 2008</u>				
Number of initial truancy notifications	26,366	23,208	(3,158)	Findings 1, 2
Uniform cost allowance	× \$17.28	× \$17.28	× \$17.28	
Total program costs	<u>\$ 455,604</u>	401,034	<u>\$ (54,570)</u>	
Less amount paid by the State		(10)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 401,024</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Number of initial truancy notifications	26,209	23,424	(2,785)	Finding 2
Uniform cost allowance	× \$17.74	× \$17.74	× \$17.74	
Subtotal	464,948	415,542	(49,406)	
Less late filing penalty	(10,000)	(10,000)	-	
Total program costs	<u>\$ 454,948</u>	405,542	<u>\$ (49,406)</u>	
Less amount paid by the State		(103,083)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 302,459</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2005, through June 30, 2009</u>				
Total costs	\$ 1,529,337	\$ 1,598,222	\$ 68,885	
Less late filing penalty	(20,000)	(20,000)	-	
Less allowable costs that exceed costs claimed ²	-	(325,228)	(325,228)	
Total program costs	<u>\$ 1,509,337</u>	1,252,994	<u>\$(256,343)</u>	
Less amount paid by the State		(111,508)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,141,486</u>		

¹ See the Findings and Recommendations section.

² Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2006-07.

Findings and Recommendations

**FINDING 1—
Overstated and
understated
allowable initial
truancy notifications**

The district overstated or understated the number of allowable initial truancy notifications distributed for each of its fiscal year (FY) 2005-06 through FY 2007-08 claims. For the audit period, the district understated claimed costs by \$246,066.

For each fiscal year, the district provided a summarized list of students for whom it distributed initial truancy notifications. For FY 2005-06, the district also provided copies of initial truancy notifications that were distributed by school sites not included on the summarized list.

For FY 2005-06 through FY 2007-08, the number of documented initial truancy notifications did not agree with the number of notifications claimed. The district claimed 29,874, 8,950, and 26,366 notifications for FY 2005-06, FY 2006-07, and FY 2007-08, respectively. However, the district documented 25,829, 31,533, and 27,435 notifications for those fiscal years, respectively.

In addition, the initial truancy notifications documented included unallowable notifications. We identified the following issues from the notifications documented:

- The notifications included multiple notifications (i.e., duplicate notifications) that the district distributed for the same student during the school year. A student's *initial* truancy notification is the only notification eligible for mandated program reimbursement.
- The FY 2005-06 and FY 2006-07 notifications included 76 identical notifications. The district distributed the notifications during FY 2006-07; therefore, the notifications are unallowable for FY 2005-06.
- The FY 2005-06 notifications included four notifications that the district distributed in FY 2004-05.
- The FY 2005-06 notifications included three notifications that the district distributed during FY 2006-07. We reclassified these notifications from FY 2005-06 to FY 2006-07.

The following table details the audit adjustment:

	Fiscal Year			Total
	2005-06	2006-07	2007-08	
Number of notifications documented	25,829	31,533	27,435	
Less number of notifications claimed	(29,874)	(8,950)	(26,366)	
Overstated/understated number of notifications	(4,045)	22,583	1,069	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Audit adjustment	<u>\$ (62,859)</u>	<u>\$ 364,715</u>	<u>\$ 18,473</u>	\$ 320,329
Duplicate notifications	(1,005)	(2,448)	(1,034)	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Audit adjustment	<u>\$ (15,618)</u>	<u>\$ (39,535)</u>	<u>\$ (17,868)</u>	(73,021)
Number of notifications distributed in both FY 2005-06 and FY 2006-07	(76)	-	-	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Audit adjustment	<u>\$ (1,181)</u>	<u>\$ -</u>	<u>\$ -</u>	(1,181)
Number of notifications distributed in FY 2004-05	(4)	-	-	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Audit adjustment	<u>\$ (62)</u>	<u>\$ -</u>	<u>\$ -</u>	(62)
Number of FY 2006-07 notifications incorrectly included in FY 2005-06	(3)	3	-	
Uniform cost allowance	× \$15.54	× \$16.15	× \$17.28	
Audit adjustment	<u>\$ (47)</u>	<u>\$ 48</u>	<u>\$ -</u>	1
Total audit adjustment ¹	<u>\$ (79,767)</u>	<u>\$ 325,228</u>	<u>\$ 605</u>	<u>\$ 246,066</u>

¹ Calculation differences due to rounding.

The program's parameters and guidelines instruct claimants to claim mandate-related costs as follows:

Report the number of initial notifications of truancy distributed during the year. Do not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian.

They also require claimants to maintain documentation that supports the total number of initial notifications of truancy distributed.

Recommendation

We recommend that the district claim the number of allowable initial truancy notifications that its records support for the current school year. We recommend that the district exclude from this count duplicate notifications that it distributes for the same student.

District's Response

The district concurred with the audit finding. The district had the following comment:

During the audit period, the District was transitioning between two different attendance systems, SB2000 and Aeries. This transition caused some students, who transferred to other sites within the District, who remained truant, to have more than one (1) truancy letter claimed for reimbursement. . . . This issue has been addressed.

SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 2—
Non-reimbursable
initial truancy
notifications**

The district claimed non-reimbursable initial truancy notifications totaling \$173,687. The district claimed notifications for students who did not accumulate the required number of unexcused absences or tardiness occurrences to be classified as truant under the mandated program.

The district accounts for student attendance differently depending on the student's grade level. Therefore, we stratified students into two groups for each year: those students subject to daily attendance accounting and those subject to period attendance accounting.

The following table summarizes the notifications sampled, adjusted for the unallowable notifications identified in Finding 1 and noncompliant notifications identified in Finding 3:

	Fiscal Year		
	2005-06	2007-08	2008-09
Daily attendance accounting:			
Documented notifications	9,503	10,237	11,290
Unallowable notifications (Finding 1):			
Duplicate notifications	(273)	(256)	—
Number of notifications distributed in both FY 2005-06 and FY 2006-07	(76)	—	—
Number of notifications distributed in FY 2004-05	(4)	—	—
Number of FY 2006-07 notifications incorrectly included in FY 2005-06	(3)	—	—
Noncompliant notifications (Finding 3)	(281)	—	—
Total notifications sampled, daily attendance accounting	<u>8,866</u>	<u>9,981</u>	<u>11,290</u>
Period attendance accounting:			
Documented notifications	16,326	17,198	14,919
Duplicate notifications (Finding 1)	(732)	(778)	—
Total notifications sampled, period attendance accounting	<u>15,594</u>	<u>16,420</u>	<u>14,919</u>

For each group of students, we selected a statistical sample of initial truancy notifications based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used statistical samples so that we could project the sample results to the population for each group. We did not select samples for FY 2006-07 because the district significantly understated total initial truancy notifications for that fiscal year (see Finding 1).

The district claimed initial truancy notifications that were non-reimbursable for the following reasons:

- For FY 2005-06, students accumulated only three unexcused absences or tardiness occurrences during the school year.
- For FY 2005-06, students accumulated fewer than four unexcused absences or tardiness occurrences while between ages 6 and 18.
- For FY 2007-08 and FY 2008-09, students accumulated fewer than three unexcused absences or tardiness occurrences while between ages 6 and 18.
- Students accumulated fewer than three unexcused absences or tardiness occurrences.

The following table summarizes the non-reimbursable initial truancy notifications identified in our statistical sample:

	Fiscal Year		
	2005-06	2007-08	2008-09
Number of unexcused absences and tardiness occurrences accumulated during the school year:			
Daily attendance accounting:			
Three total (FY 2005-06 only)	(15)	-	-
Fewer than four while between ages 6 and 18 (FY 2005-06 only)	(14)	-	-
Fewer than three while between ages 6 and 18 (FY 2007-08 and FY 2008-09 only)	-	(21)	(14)
Fewer than three total	(33)	(10)	(12)
Unallowable initial truancy notifications, daily attendance accounting	<u>(62)</u>	<u>(31)</u>	<u>(26)</u>
Period attendance accounting:			
Fewer than four while between ages 6 and 18 (FY 2005-06 only)	(6)	-	-
Fewer than three while between ages 6 and 18 (FY 2007-08 and FY 2008-09 only)	-	(4)	(7)
Fewer than three total	(1)	(6)	(1)
Unallowable initial truancy notifications, period attendance accounting	<u>(7)</u>	<u>(10)</u>	<u>(8)</u>

The following table summarizes the audit adjustment based on the unallowable initial truancy notifications identified for each group sampled:

	Fiscal Year			Total
	2005-06	2007-08	2008-09	
Daily attendance accounting:				
Number of unallowable initial truancy notifications from statistical sample	(62)	(31)	(26)	
Statistical sample size	÷ 148	÷ 148	÷ 148	
Unallowable percentage	(41.89)%	(20.95)%	(17.57)%	
Population sampled	× 8,866	× 9,981	× 11,290	
Extrapolated number of unallowable initial truancy notifications	(3,714)	(2,091)	(1,984)	
Uniform cost allowance	× \$15.54	× \$17.28	× \$17.74	
Unallowable costs, daily attendance accounting	\$ (57,716)	\$ (36,132)	\$ (35,196)	\$(129,044)
Period attendance accounting:				
Number of unallowable initial truancy notifications from statistical sample	(7)	(10)	(8)	
Statistical sample size	÷ 149	÷ 149	÷ 149	
Unallowable percentage	(4.70)%	(6.71)%	(5.37)%	
Population sampled	× 15,594	× 16,420	× 14,919	
Extrapolated number of unallowable initial truancy notifications	(733)	(1,102)	(801)	
Uniform cost allowance	\$15.54	\$17.28	\$17.74	
Unallowable costs, period attendance accounting	\$ (11,390)	\$ (19,043)	\$ (14,210)	\$ (44,643)
Audit adjustment ¹	\$ (69,106)	\$ (55,175)	\$ (49,406)	\$(173,687)

¹ Calculation differences due to rounding.

Education Code section 48260, subdivision (a), as amended in 1994 states:

Any pupil subject to compulsory full-time education or to compulsory continuation education [emphasis added] who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday [sic] without a valid excuse on three occasions in one school year, or any combination thereof, is a truant. . . .

Education Code section 48200 states that children between ages 6 and 18 are subject to compulsory full-time education. Therefore, student absences that occur before the student's 6th birthday or after the student's 18th birthday are not relevant when determining whether a student is a truant.

For FY 2005-06, the parameters and guidelines state that initial truancy occurs when a student is absent from school without a valid excuse *more* than three days or is tardy in excess of 30 minutes on each of *more* than three days in one school year. The Commission on State Mandates (CSM) did not amend the parameters and guidelines until July 1, 2006. Therefore, a FY 2005-06 initial truancy notification is reimbursable only when a student has accumulated four or more unexcused absences or tardiness occurrences while between ages 6 and 18.

Effective July 1, 2006, the CSM adopted amended parameters and guidelines for the Notification of Truancy Program. The amended parameters and guidelines state:

A truancy occurs when a student is absent from school without valid excuse three (3) full days in one school year, or is tardy or absent without valid excuse for more than any thirty (30)-minute period during the school day on three (3) occasions in one school year, or any combination thereof.

Recommendation

We recommend that the district claim initial truancy notifications only for those students who meet the truancy definition provided in the parameters and guidelines.

District's Response

The district concurred with the audit finding. The district had the following comment:

. . . Education Code 48260 was in conflict with commission guidelines on the minimum number of unexcused absences a student could have before they are reclassified as truant. . . . This conflict was resolved during the audit period, setting the minimum number of unexcused absences at three (3). Some of the District's sites continued to follow outdated guidelines, which caused over/under claiming. This issue has been addressed.

SCO's Comment

The finding and recommendation remain unchanged.

FINDING 3— Noncompliant initial truancy notifications

The district claimed unallowable costs totaling \$3,494 for FY 2005-06. The costs are unallowable because the district distributed initial truancy notifications that did not comply with the parameters and guidelines.

For FY 2005-06, the parameters and guidelines require that districts distribute initial truancy notification forms that notify parents/guardians of the following five items:

1. That the pupil is truant.
2. That the parent or guardian is obligated to compel the attendance of the pupil at school.
3. That parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with Section 48290) of Chapter 2 of Part 27.
4. That alternative educational programs are available in the district.
5. That the parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

The district distributed notifications that included just one of the five required items. Therefore, we allowed only 20% of the unit cost allowance for each notification.

The following table summarizes the audit adjustment:

	Fiscal Year 2005-06
Number of noncompliant initial truancy notifications	281
Uniform cost allowance	× \$15.54
Subtotal	\$ 4,367
Allowable percentage	× 20%
Allowable costs	873
Less claimed costs	(4,367)
Audit adjustment	\$ (3,494)

Recommendation

We recommend that the district ensure that all initial truancy notifications comply with the minimum requirements specified in the parameters and guidelines.

District's Response

The district concurred with all audit findings, but did not provide any comments specific to this finding.

SCO's Comment

The finding and recommendation remain unchanged.

**Attachment—
District's Response to
Draft Audit Report**



Mohammad Z. Islam, Chief Business and Financial Officer

December 8, 2011

Jim L. Spano, Chief
Mandated Cost Audit Bureau
Division of Audits
California State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5874

RE: Notification of Truancy Program - July 1, 2005, through June 30, 2009

Dear Mr. Spano:

This is in response to the Draft Audit Report, dated November 15, 2011, for the Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007), prepared by the State Controller's Office (SCO). The audit period was from July 1, 2005, through June 30, 2009. The San Bernardino City Unified School District (District) claimed \$1,509,337 in reimbursements for expenditures related to the Notification of Truancy Program, of which \$1,252,994 is allowable and \$256,343 was found to be unallowable.

During the audit period, the District was transitioning between two different attendance systems, SB2000 and Aeries. This transition caused some students, who transferred to other sites within the District, who remained truant, to have more than one (1) truancy letter claimed for reimbursement. Under the mandate, only one (1) initial truancy letter can be claimed, per student, per school year. This issue has been addressed.

Furthermore, Education Code 48260 was in conflict with commission guidelines on the minimum number of unexcused absences a student could have before they are reclassified as a truant (Education Code set the minimum number of unexcused absences at three (3) days and the commission guidelines, at 4 days). This conflict was resolved during the audit period, setting the minimum number of unexcused absences at three (3). Some of the District's sites continued to follow outdated guidelines, which caused over/under claiming. This issue has been addressed.

I have reviewed the entire Draft Audit Report and I concur with the findings. If you have any questions, please feel free to contact me at (909) 381-1164.

Sincerely,


Mohammad Z. Islam
Chief Business and Financial Officer

BUSINESS SERVICES DIVISION

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mohammad.islam@sbcusd.com

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